UNITED NATIONS **DP**

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.
GENERAL

DP/FPA/1997/6
30 January 1997

ORIGINAL: English

Second regular session 1997
10 - 14 March 1997, New York
Item 6 of the provisional agenda
UNFPA

UNITED NATIONS POPULATION FUND

PROPOSED REVISION OF UNFPA FINANCIAL REGULATIONS

Report of the Executive Director

1. The United Nations Population Fund Financial Regulations were adopted by the Governing Council in decision 83/17, at its thirtieth session in June 1983, and were subsequently amended by decisions 84/21, 90/36, 92/33 and 93/29, taken at the Council's thirty-first, thirty-seventh, thirty-ninth and fortieth sessions, respectively. The Executive Director hereby submits to the Executive Board for its approval one new financial regulation concerning the stockholding of essential contraceptive products. This amendment was made necessary as a result of Executive Board decision 96/3 adopted at the first regular session 1996.

2. A review of UNFPA Financial Regulations and Rules revealed that UNFPA did not have the authority to conclude agreements with suppliers to maintain stockholdings of contraceptive products required for the operation of the Global Contraceptive Commodity Programme (GCCP) established by decision 96/3. The GCCP was established in order to be able to draw upon essential buffer stocks of contraceptives to facilitate prompt response to urgent and emergency requests for contraceptives from developing countries. The need to maintain such buffer stocks of contraceptives resulted from the often extensive lead-times for commonly requested contraceptive products for the public sector. The ready availability of stocks is required to avert potential disruptions to national contraceptive provision programmes and to avoid costly utilization of air-freight to the designated recipient. As a result of negotiations undertaken since the inception of the GCCP, a number of manufacturers have agreed to hold small quantities of essential contraceptives at their risk; however, recent experiences

/...

in Rwanda and the United Republic of Tanzania, for example, have shown that the requisite level of stockholdings cannot be established without incorporation of the proposed new financial regulation detailed below.

3. Regulation 14.7 detailed below would be included in the UNFPA Financial Regulations and Rules under Article XIV. - "Internal Control".

Article XIV. - INTERNAL CONTROL

Regulation 14.7 ***In conformity with Executive Board decision 96/3, UNFPA may procure and hold stocks of essential contraceptive products in order to promptly respond to emergency requests for assistance. The inventory value of these stock holdings shall be shown in the accounts as an asset.***

4. UNFPA considers that the above text provides the necessary authority to enable UNFPA to enter into legally binding agreements with suppliers to guarantee the ready availability of essential contraceptive products for immediate dispatch as emergencies arise. The Executive Director therefore recommends that the Executive Board adopt the proposed regulation as presented.